

## Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 14747 101019Z  
ACTION NEA-11

INFO OCT-01 ISO-00 EB-08 AID-05 TRSE-00 XMB-02 SS-15  
COME-00 CIAE-00 INR-10 NSAE-00 OMB-01 ICA-11 L-03  
FCC-01 OTPE-00 OC-06 CCO-00 /074 W  
-----020640 111117Z /23  
R 091603Z JUN 78  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 0153

LIMITED OFFICIAL USE CAIRO 14747

E.O. 11652: N/A  
TAGS: ETEL, BEXP, EAID, EG  
SUBJ: FURTHER DISCUSSIONS OF EGYPTIAN TELECOMMUNICATIONS  
PROJECT WITH ITT REPS

REF: CAIRO 14440

1. SUMMARY. IN CALL ON AMBASSADOR JUNE 8, ITT REPS  
INDICATED EGYPTIANS PLAN "PREQUALIFY" BY JULY 1  
FIRMS OR CONSORTIA INTERESTED IN UNDERTAKING PROGRAM TO  
IMPLEMENT RECOMMENDATIONS OF CONTINENTAL TELEPHONE STUDY.  
MAJOR QUESTION REMAINS HOW GOE WILL FINANCE THE MASSIVE  
INVESTMENT REQUIRED AND HOW TELECOMMUNICATIONS WILL FIT  
INTO EGYPTIAN DEVELOPMENT PRIORITIES. COMMITMENT OF USG  
RESOURCES IN ADDITION TO CURRENT AID PROGRAM WILL PROBABLY  
BE REQUIRED IF AMERICAN FIRM IS TO BE CHOSEN TO UNDERTAKE  
JOB. END SUMMARY.

2. AMBASSADOR MET JUNE 8 WITH INTERNATIONAL TELEPHONE  
AND TELEGRAPH (ITT) REPS BARNES AND GUILFOYLE WHO HAD  
EARLIER SEEN CHARGE (REFTEL). DURING CURRENT VISIT TO  
CAIRO, ITT GROUP HAD MET MINISTER OF TRANSPORT AND  
COMMUNICATIONS ABU TALEB, TELECOMMUNICATIONS AUTHORITY  
CHAIRMAN ABDULLAH, AND OTHER OFFICIALS TO DISCUSS GOE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 14747 101019Z

TELECOMMUNICATIONS PLANS. ITT REPS SAID THEY HAD BEEN  
TOLD THAT EGYPTIAN OFFICIALS WANTED FIRMS OR CONSORTIA  
INTERESTED IN UNDERTAKING PROGRAM TO IMPLEMENT RECOMMENDA-  
TIONS OF AID-FINANCED CONTINENTAL TELEPHONE STUDY, TO  
"PRE-QUALIFY" BY JULY 1. AS CAPABILITIES OF MOST MAJOR  
TELECOMMUNICATIONS FIRMS ARE ALREADY WELL KNOWN TO EGYP-  
TIANS, ITT GROUP SAID IT WAS THEIR UNDERSTANDING

THAT EXPRESSION OF INTEREST IN AS SIMPLE A FORM AS A LETTER WOULD SUFFICE FOR JULY 1 DEADLINE.

3. ACCORDING ITT REPS, SCHEDULE ANTICIPATED BY EGYPTIAN AUTHORITIES AFTER JULY 1 PREQUALIFICATION IS AS FOLLOWS: BY MID-AUGUST, PREQUALIFIED FIRMS WOULD SUBMIT DETAILED IMPLEMENTATION PROPOSALS; BY EARLY NOVEMBER, GOE WOULD DESIGNATE ITS CHOICE AMONG COMPETING FIRMS AND GROUPS TO UNDERTAKE TELECOMMUNICATIONS PROGRAM; BY END OF 1978, CONTRACT WITH CHOSEN ENTITY WOULD BE NEGOTIATED AND WORK WOULD BEGIN.

4. ITT REPS SAID THAT MAGNITUDE OF PROGRAM THEY INTENDED PRESENT IN AUGUST WOULD DEPEND UPON EXTENT OF FINANCING WHICH APPEARED LIKELY BE AVAILABLE. THEY EXPRESSED HOPE THAT USG WOULD MAKE MAXIMUM EFFORT PROVIDE FINANCIAL RESOURCES TO SUPPORT ATTEMPTS OF AMERICAN FIRMS TO BE CHOSEN FOR PROJECT WHICH COULD HAVE ENORMOUS IMPACT ON U.S. BALANCE OF PAYMENTS. COMPANY OFFICIALS NOTED THAT ITT HAD SUBSTANTIAL MANUFACTURING CAPACITY IN EUROPE AND WOULD PROBABLY INCLUDE A EUROPEAN FIRM IN MAKING A CONSORTIUM BID, ESPECIALLY IF THAT WOULD HELP FINANCING PICTURE.

5. IN HIS REMARKS, AMBASSADOR EMPHASIZED IMPORTANCE EMBASSY ATTACHED TO HAVING A U.S. FIRM CHOSEN TO UNDER-  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 14747 101019Z

TAKE MASSIVE TELECOMMUNICATIONS IMPROVEMENT EFFORT NEEDED IN EGYPT. AS ITT REPS RECOGNIZED, HOWEVER, THE PROBLEM WILL BE FINANCING. ALTHOUGH AID WAS MAKING SOME ALLOCATIONS TO TELECOMMUNICATIONS PROJECTS, WE DID NOT FORSEE THAT AID RESOURCES INTENDED TO ADDRESS OTHER BASIC EGYPTIAN NEEDS WOULD BE DIVERTED TO TELECOMMUNICATIONS SECTOR. AMBASSADOR NOTED HE HAD ASKED WASHINGTON AGENCIES TO CONSIDER HOW IT MIGHT BE POSSIBLE TO MAKE ADDITIVE RESOURCES AVAILABLE--THROUGH EX-IM BANK, FOR EXAMPLE--TO ASSIST AMERICAN FIRMS TO COMPETE EFFECTIVELY FOR EGYPTIAN TELECOMMUNICATIONS PROJECT.

6. AMBASSADOR ALSO REVIEWED FOR ITT REPS BACKGROUND OF CONSULTATIVE GROUP MEETING SOON TO BEGIN IN PARIS. HE NOTED THAT MEETING WILL HOPEFULLY PROVIDE, INTER ALIA, AT LEAST SOME INDICATION OF LEVEL OF ASSISTANCE TO GOE LIKELY BE FORTHCOMING FROM MAJOR DONORS AND PERHAPS PLEDGES OF SUPPORT FOR SPECIFIC PROJECTS. HE POINTED OUT THAT A CONTINUING PROBLEM IS DIFFICULTY IN GETTING GOE TO MAKE CLEAR ITS OWN PRIORITIES. AMBASSADOR AND ITT REPS AGREED THAT TIMETABLE BEING PUT FORWARD BY EGYPTIANS (PARA 3) MAY WELL PROVE UNREALISTIC.

7. COMMENT. ITT VISIT, FOLLOWING UPON THAT OF ATT/GET/  
CONTINENTAL CONSORTIUM, IS INDICATIVE OF HIGH LEVEL OF  
INTEREST AMONG U.S. FIRMS IN PROVIDING GOODS AND SERVICES  
FOR MASSIVE PROGRAM TO IMPROVE EGYPTIAN TELECOMMUNICA-  
TIONS. IF AMERICAN FIRM IS TO BE CHOSEN FOR THIS PROJECT,  
WHICH COULD HAV SUBSTANTIAL BENEFICIAL EFFECT ON U.S.  
TRADE BALANCE, IT WILL BE NECESSARY FOR USG TO PROVIDE  
SOME FINANCING RESOURCES IN ADDITION TO AMOUNTS PLANNED FOR  
THIS TYPE ACTIVITY UNDER CURRENT AID PROGRAM. WE BELIEVE  
IT WOULD BE MOST DESIRABLE FOR WASHINGTON AGENCIES, IN-  
CLUDING EX-IM BANK, TO GIVE SERIOUS CONSIDERATION TO  
QUESTION OF HOW USG SUPPORT COULD MOST APPROPRIATELY BE  
MADE AVAILABLE. EILTS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CAIRO 14747 101019Z

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TELECOMMUNICATION, MEETINGS, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978CAIRO14747  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780244-0349  
**Format:** TEL  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780678/aaaacoxh.tel  
**Line Count:** 136  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 6ceac58c-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 CAIRO 14440  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2422788  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FURTHER DISCUSSIONS OF EGYPTIAN TELECOMMUNICATIONS PROJECT WITH ITT REPS  
**TAGS:** ETEL, BEXP, EAID, EG  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/6ceac58c-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014